

COSALT WORKWEAR LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
29th August 1999**

REGISTRAR'S COPY



COSALT WORKWEAR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH AUGUST 1999

Contents

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Report of the auditors to the members	4
Profit and loss account	5
Balance sheet	6
Notes	7-15

The following pages do not form part of the statutory accounts:

Detailed trading and profit and loss account	Appendix 1
--	------------

COSALT WORKWEAR LIMITED

Directors

F.W. Wood (Chairman)
A.P.H. Thomas (Managing)
N.R. Carrick
G.R. Parton
M. Hirst
J.R. Graham

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 29th August 1999 ("the year").

Business Review

The principal activity of the company continues to be the design, manufacture and distribution of workwear clothing.

The trading results for the year are shown in the profit and loss account on page 5.

The directors recommend the payment of a final dividend of £201,000, with £351 being transferred to reserves.

As part of a group restructuring the company name was changed from Jenbro Limited to Cosalt Workwear Limited on 7 September 1998 and the trading operations of fellow subsidiary undertakings Raven of Barnsley Limited and Workwear Direct Limited were transferred to the company with effect from the start of business on 31 August 1998.

The company's future development will be in its current and similar products in which there appear to be opportunities.

Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial year. In addition, J.O. Farrell served on the Board until her resignation on 1st February 2000. Messrs. F.W. Wood and G.R. Parton retire by rotation and, being eligible, offer themselves for re-election.

Directors' Shareholdings

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs. F.W. Wood and N.R. Carrick in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company.

The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 29th August 1999	At 30th August 1998
A.P.H. Thomas	2,211	1,765
G.R. Parton	3,693	3,247
M. Hirst	1,068	783
J.R. Graham	692	407

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

COSALT WORKWEAR LIMITED
DIRECTORS' REPORT (continued)

Mr. A.P.H. Thomas also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

At 30 Aug 1998	Granted during year	Exercised during year	At 29 Aug 1999	Exercise price	Market price at date of exercise	Dates from which exercisable	Expiry date
2,750	-	-	2,750	219.50p		17.02.00*	16.02.04
7,250	-	-	7,250	219.50p		17.02.00*	16.02.07
10,000	-	-	10,000	232.50p		23.12.00*	22.12.04
-	<u>15,000</u>	-	<u>15,000</u>	204.50p		22.12.01*	22.12.05
<u>20,000</u>	<u>15,000</u>	-	<u>35,000</u>				

* Performance criteria must be met before exercise permitted.

No options lapsed during the year. No options were exercised during the year.

The market price of Cosalt plc ordinary shares at 29th August 1999 was 210.00p and the range during the year was 174.50p to 224.50p.

Fixed Assets

The movement in tangible fixed assets are set out in note 9 to the financial statements. In note 16 to the financial statements additional information is provided on assets used by the company which are subject to lease and hire purchase agreements.

Year 2000

The company has undertaken a detailed review to assess the impact of the year 2000 on all areas of activities. The review also considers the impact on customers and suppliers and there is ongoing dialogue with regard to their compliance.

Most of the company's management information and accounting systems have recently been replaced as part of its on-going investment in IT systems, and assurances have been obtained from the suppliers that they are year 2000 compliant.

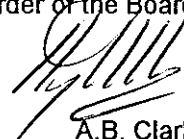
The costs incurred on upgrading other systems are written off against operating profits as incurred and are not believed to be material to the company's profits or capital expenditure programmes.

Auditors

The auditors, KPMG Audit plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their appointment will be proposed at the Annual General Meeting.

Fish Dock Road
GRIMSBY

By order of the Board


A.B. Clark
Secretary

13th March 2000

COSALT WORKWEAR LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year, and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS, KPMG AUDIT PLC TO THE MEMBERS OF
COSALT WORKWEAR LIMITED**

We have audited the financial statements on pages 5 to 15.

Respective Responsibilities of Directors and Auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 29th August 1999, and of its profit for the fifty-two weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Sheffield

13th March 2000

COSALT WORKWEAR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE FIFTY-TWO WEEKS ENDED 29TH AUGUST 1999

		52 weeks ended 29th August 1999	52 weeks ended 30th August 1998
	Note	£	£
Turnover	2		
Continuing operations		8,323,556	9,987,497
Acquisition		<u>5,566,000</u>	<u>-</u>
		<u>13,889,556</u>	<u>9,987,497</u>
Operating profit			
Continuing operations		401,012	814,390
Acquisition		<u>200,000</u>	<u>-</u>
Operating profit	3	601,012	814,390
Interest payable and similar charges (net)	5	<u>(299,074)</u>	<u>(130,245)</u>
Profit on ordinary activities before taxation		301,938	684,145
Taxation on ordinary activities	7	<u>(100,587)</u>	<u>(223,086)</u>
Profit for the financial year		201,351	461,059
Dividends	8	<u>(201,000)</u>	<u>(461,000)</u>
Transferred to reserves	15	<u><u>351</u></u>	<u><u>59</u></u>

The company has no recognised gains or losses other than the profits for the years disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

The notes on pages 7 to 15 form part of these financial statements.

COSALT WORKWEAR LIMITED
BALANCE SHEET - 29TH AUGUST 1999

	Note	29th August 1999		30th August 1998	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	9		676,954		525,811
Current Assets					
Stocks	10	2,594,852		1,180,821	
Debtors	11	2,337,799		2,013,552	
Bank and cash balances		<u>28,750</u>		<u>99,021</u>	
		4,961,401		3,293,394	
Creditors					
Amounts falling due within one year	12	<u>5,260,993</u>		<u>3,079,963</u>	
Net current (liabilities)/assets			<u>(299,592)</u>		<u>213,431</u>
Total assets less current liabilities			377,362		739,242
Creditors					
Amounts falling due after more than one year	12	374,461		453,243	
Provisions for liabilities and charges	13	<u>-</u>	<u>374,461</u>	<u>283,449</u>	<u>736,692</u>
Net assets			<u>2,901</u>		<u>2,550</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account	15		<u>1,901</u>		<u>1,550</u>
Equity shareholders' funds			<u>2,901</u>		<u>2,550</u>

Approved by the Board on 13th March 2000

N.R. Carrick - Director



The notes on pages 8 to 15 form part of these financial statements.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

1 Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Plant and machinery	5 to 20%
---------------------	----------

Leased Assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

Pension costs

Contributions to the group's pension schemes are charged to profit and loss account so as to spread the cost of pensions over employees' service lives.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currency are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

2 Turnover

Turnover represents the goods and services, excluding value added tax, invoiced to customers. The principal activity of the company is the design, manufacture and distribution of workwear clothing, and the geographical analysis of turnover is as follows:

	1999 £	1998 £
United Kingdom	13,865,594	9,919,948
Overseas	<u>23,962</u>	<u>67,549</u>
	<u>13,889,556</u>	<u>9,987,497</u>

All turnover originated in the United Kingdom.

3 Operating profit

Operating profit has been arrived at after charging/(crediting):

	1999 £	1998 £
Movement in stocks of finished goods and work in progress	(694,298)	(417,275)
Raw materials and consumables	8,481,315	6,407,387
Other external charges	1,316,830	731,686
Auditors' remuneration	13,250	4,350
Operating lease charges - property	37,838	24,898
- plant	120,453	42,858
Staff costs (note 6)	3,566,195	1,865,677
Depreciation on owned assets	94,544	(32,403)
Depreciation on assets held under hire purchase agreements	91,020	137,786
Exceptional costs (note 4)	10,747	297,043
Other operating charges	<u>250,650</u>	<u>111,100</u>
	<u>13,288,544</u>	<u>9,173,107</u>

4 Exceptional items

	1999 £	1998 £
Reorganisation costs	-	278,697
Relocation costs	<u>10,747</u>	<u>18,346</u>
	<u>10,747</u>	<u>297,043</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

5	Interest payable and similar charges (net)	1999 £	1998 £
	Capital charge by ultimate parent company	250,650	154,180
	On finance leases	<u>48,772</u>	<u>19,145</u>
		299,422	173,325
	Interest received	<u>348</u>	<u>43,080</u>
		<u>299,074</u>	<u>130,245</u>
6	Directors and employees	1999 £	1998 £
	Staff costs:		
	Wages and salaries	3,211,001	1,675,438
	Social security costs	250,749	133,203
	Other pension costs	78,741	41,667
	Employees' profit sharing scheme	<u>25,704</u>	<u>15,369</u>
		<u>3,566,195</u>	<u>1,865,677</u>
	Emoluments of the directors of the company were:		
	Remuneration for management:	<u>318,947</u>	<u>245,227</u>

Remuneration of the highest paid director for 1999 was £96,502 (1998 £79,718) including £nil (1998 £11,000) of gains on the exercise of share options and £8,320 (1998 £3,734) of pension contributions. The accrued pension entitlement of the highest paid director is £11,611 (1998 £8,730).

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	7	7
The number of directors exercising share options in respect of Cosalt plc shares during the year was:	-	1
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	3
The average number of employees of the company during the year was:		
Management and administration	51	30
Production and sales staff	<u>231</u>	<u>125</u>
	<u>282</u>	<u>155</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

7	Taxation on ordinary activities	1999 £	1998 £
The taxation charge based on the profit on ordinary activities is:			
U.K. Corporation tax payable at 30.59% (1998 - 31%)		57,000	217,350
Deferred taxation		<u>28,756</u>	<u>(13,351)</u>
		85,756	203,999
Adjustments in respect of prior years:			
Corporation tax		34,350	-
Deferred taxation		<u>(19,519)</u>	<u>19,087</u>
		<u>100,587</u>	<u>223,086</u>
8	Dividends	1999 £	1988 £
Final dividend proposed		<u>201,000</u>	<u>461,000</u>
9	Tangible fixed assets		Plant and machinery £
Cost			
At 31st August 1998			992,569
Additions			249,011
Intra group transfers			285,617
Disposals			<u>(21,217)</u>
At 29th August 1999			<u>1,505,980</u>
Depreciation			
At 31st August 1998			466,758
Charged to profit and loss account			185,564
Intra group transfers			192,071
Eliminated in respect of disposals			<u>(15,367)</u>
At 29th August 1999			<u>829,026</u>
Net book values			
At 29th August 1999			<u>676,954</u>
At 30th August 1998			<u>525,811</u>
Assets costing £445,000 (1998 - £372,000) have been fully depreciated and are still in use.			

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

9 Tangible fixed assets (continued)

The following tangible fixed assets held under finance lease are included in plant and machinery above:

	1999 £	1998 £
Cost	733,514	622,963
Depreciation	<u>410,789</u>	<u>242,902</u>
Net book value	<u>322,725</u>	<u>380,061</u>

10 Stocks

	1999 £	1998 £
Raw materials	885,961	166,228
Work in progress	48,873	18,925
Finished goods	<u>1,660,018</u>	<u>995,668</u>
	<u>2,594,852</u>	<u>1,180,821</u>

11 Debtors

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	1,998,482	1,718,152
Amounts due from fellow subsidiary undertakings	455	-
Group taxation relief recoverable	1,443	41,109
Deferred taxation (note 13)	6,471	-
Other debtors	1,984	-
Prepayments and accrued income	<u>328,964</u>	<u>254,291</u>
	<u>2,337,799</u>	<u>2,013,552</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

12 Creditors	1999 £	1998 £
Amounts falling due within one year:		
Trade creditors	2,315,985	843,259
Amount owed to ultimate parent company	2,097,559	408,141
Amounts owed to fellow subsidiary undertakings	-	480,693
Corporation tax	57,000	217,350
Other taxation	128,448	213,325
Social security	16,241	16,435
Other creditors	2,827	41,729
Accruals and deferred income	324,885	291,916
Obligations under finance leases (note 16)	117,048	106,115
Dividend payable	<u>201,000</u>	<u>461,000</u>
	<u>5,260,993</u>	<u>3,079,963</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 16)	<u>374,461</u>	<u>453,243</u>
13 Provisions for liabilities and charges	1999 £	1998 £
Provision for reorganisation	-	278,697
Deferred taxation	<u>-</u>	<u>4,752</u>
	<u>-</u>	<u>283,449</u>
Deferred taxation comprises:		
Accelerated tax allowances		13,033
Other timing differences		<u>(8,281)</u>
		<u>4,752</u>
The deferred taxation debtor included in the balance sheet for 1999 was:		
Delayed tax allowances	4,943	
Other timing differences	<u>1,528</u>	
	<u>6,471</u>	

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

14 Called up share capital	1999	1998
	£	£
Authorised: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
15 Reserves	1999	1998
	£	£
Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	201,351	461,059
Dividends	<u>201,000</u>	<u>(461,000)</u>
Net addition to equity shareholders' funds	351	59
Opening equity shareholders' funds	<u>2,550</u>	<u>2,491</u>
Closing equity shareholders' funds	<u>2,901</u>	<u>2,550</u>
Profit and loss account		£
Balance at 31st August 1998		1,550
Profit for the year, less dividend		<u>351</u>
Balance at 29th August 1999		<u>1,901</u>
16 Leasing obligations	1999	1998
	£	£
Future commitments due under finance leases are:		
Within one year	148,349	144,835
Between two and five years	412,913	521,790
Beyond five years	<u>-</u>	<u>886</u>
	561,262	667,511
Less: future finance charges	<u>69,753</u>	<u>108,153</u>
	<u>491,509</u>	<u>559,358</u>
Shown in creditors (note 12) as:		
Amounts falling due within one year	117,048	106,115
Amounts falling due after more than one year	<u>374,461</u>	<u>453,243</u>
	<u>491,509</u>	<u>559,358</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

16 Leasing obligations (continued)	1999 £	1998 £
Annual commitments due under non-cancellable operating leases are:		
Property leases which expire:		
Within one year	-	29,156
Beyond five years	<u>108,134</u>	<u>-</u>
	<u>108,134</u>	<u>29,156</u>
Plant leases which expire:		
Within one year	23,908	15,617
Between two and five years	<u>84,047</u>	<u>49,696</u>
	<u>107,955</u>	<u>65,313</u>

17 Acquisition of fellow subsidiaries' trade

The trading operations of fellow subsidiary undertakings Raven of Barnsley Limited and Workwear Direct Limited were transferred to the company with effect from 31st August 1998. This has been accounted for as an acquisition. The fair value of the net assets acquired is set out below:

	Book value and fair value £
Fixed assets	
Tangible fixed assets	93,546
Current assets	
Stocks	1,595,075
Debtors	2,161,906
Cash and bank balances	<u>322,824</u>
	4,079,805
Current liabilities	
Bank overdraft	104,826
Creditors	<u>3,054,174</u>
	3,159,000
Provisions for liabilities and charges	<u>56,049</u>
Net assets	<u>958,302</u>
Satisfied by:	
Group company loans	<u>958,302</u>

COSALT WORKWEAR LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

18 Capital commitments	1999 £	1998 £
Contracted for but not provided for in the financial statements	<u>41,000</u>	<u>167,000</u>

19 Pension commitments

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds.

Contributions by the company which amounted to £78,741 (1998 £41,667) are based on pension costs across the group as a whole and are assessed in accordance with the advice of a qualified actuary. Particulars of actuarial valuations of the group schemes are disclosed in the financial statements of Cosalt plc. *The latest actuarial assessment of the major scheme was made at 1st January 1997.*

20 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other group companies, as permitted by Financial Reporting Standard No. 8 as the consolidated financial statements in which the company is included are publicly available.

21 Ultimate parent company

The company is a subsidiary undertaking of Cosalt plc, which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.